

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 1674 – SB 1621**

February 1, 2016

**SUMMARY OF ORIGINAL BILL:** Prohibits the state or any local government from requiring a company bidding on a public construction project to employ individuals who reside within the jurisdiction of the state or local government, unless otherwise required by federal law. Defines "public construction project" as any construction project wherein state or local government funds may be appropriated or expended for the purpose of erecting, remodeling, altering, repairing, demolishing, or making any addition to any building; or any construction project for the purpose of building, rebuilding, locating, relocating, or repairing any street, highway, or bridge.

**FISCAL IMPACT OF ORIGINAL BILL:**

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (011800):** Deletes and adds language to Section 1 of the bill such that the amended bill prohibits the state or any local government from requiring a company bidding or contracting to provide services on a public construction project to employ individuals who reside within the jurisdiction of the state or local government or who are within a specific income range, unless otherwise required by federal law.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

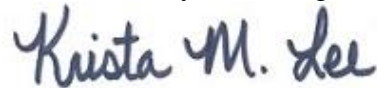
- According to the Department of Transportation, the proposed legislation will not have a fiscal impact on state government as there currently are no residency or income requirements imposed on any construction project.
- Based on information provided by the Department of General Services, the state does not allow any prohibition regarding residency or income and the proposed legislation will not change current practice.
- Based on information provided by county and municipal government sources, Davidson County is the only county that has a residency requirement for contractors and their employees.

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- According to the Attorney General Opinion Number 15-69, Amendment 3 to the Charter of the Metropolitan Government of Nashville and Davidson County, Tennessee, effective October 1, 2015, which imposes certain “local hire” requirements for contractors and their employees who work on Metro construction projects of \$100,000 or more is invalid because it contravenes the general law of the State of Tennessee.
- Pursuant to Tenn. Code Ann. § 62-6-111(i)(2)(c), once a contractor is licensed by the State of Tennessee, no county or municipality shall impose any additional requirements upon the state licensee or its employees or in any way discriminate against the state licensee or its employees on the basis of the licensee’s non-residency within the county or municipality.
- The provisions of this amended bill will not result in a significant fiscal impact to state or local government.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/lsc